

Reforming Public Sector Human Resource Management

Best Practices From the Practitioner's View

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REFORM IN THE PUBLIC SECTOR: THE CHALLENGE

Across the nation, all levels of government are being called on to improve service and responsiveness. These calls for reform, often called reengineering or reinventing government, address virtually every aspect of public sector structure and operations, including size, organization, cost, responsiveness, quality, timeliness, service, budgeting and procurement practices, and regulatory activities. The *National Performance Review* report glibly summed up this demand for reform by concluding that government should “... work better and cost less.” Inevitably, discussions about government reform focus on personnel and human resource management (HRM). There seems to be almost unanimous agreement that public sector HRM systems are not working—that personnel is inflexible, inefficient, and unresponsive (Gore, 1993).

Demands for more efficient government are justified and perhaps even overdue, and reform is clearly possible, especially in HRM. However, to be successful, reform cannot be based solely on the need for efficiency—reformers must also pay attention to the powerful forces that influence government, and influence the people who manage government.

Calls for reform often seem to be based on the premise that government institutions are rational organizations with clear goals and objectives, efficiency being chief among them. In fact, managing government requires constantly balancing complex and conflicting goals and influences, some of which are decidedly not rational. In this environment, *managing* government is tough enough; *reforming* government is an even tougher challenge.

The conflicting goals of government, as well as the diverse and often opposing constituencies governmental institutions must balance, often prevent the public sector from operating efficiently. For example, is it efficient to conduct lengthy public hearings before making critical decisions, or to require time-consuming rule-making processes to implement important policies, or to reward an agency's cost-efficiency by taking away unspent funds, or to require time-consuming bidding before buying an item that can be purchased faster and maybe even cheaper over the counter?

Similar examples of apparent inefficiencies abound in public sector personnel. Is it rational to give employees job security that prevents managers from firing poor performers, or to appoint chief executives who have little relevant experience and who may serve for only a year or two, or to recruit widely and solicit applications for months when the hiring manager already knows who he or she will hire?

These practices may not be efficient, but they exist for valid reasons. Public hearings, lengthy rule-making processes, budget and purchasing controls, employment safeguards, political appointments, and open competition for jobs exist to meet legitimate goals and stakeholder interests. These often-inefficient practices were conceived to provide public access, hold government accountable for spending tax dollars carefully, ensure fairness and merit, and maintain the balance of power in our pluralist political system.

Moreover, government also serves a demanding and diverse group of stakeholders—elected chief executives and their political appointees; state legislatures and local government councils; the courts; oversight agencies (e.g., budget, personnel, auditing); the media; clients who demand services; employees; unions; lobby groups; and the public. Each of these constituent groups has a different view of what government's role should be overall, and what individual agencies' goals and priorities should be in particular. Inevitably,

some stakeholders will be dissatisfied with the results of government's attempt to manage the difficult balancing act of resolving conflicting demands.

The public sector must also be productive while operating under often intense public scrutiny. While public hearings and "freedom of information" requirements provide necessary access to decision making, these processes often interfere with timeliness, efficiency and productivity.

Finally, public sector managers cannot rely on market influences to stimulate, measure and reward efficiency. Many government managers would welcome the chance to be judged by clear and objective measures such as revenue, profit, and market share. Instead, they must constantly try to develop indirect measures of success.

In this complicated environment, government organizations trying to improve efficiency face unique and difficult challenges. Even when government managers want to streamline operations—"... work better and cost less"—it is not as easy as it sounds. Reform efforts that do not recognize that government must respond to a wide range of influences are doomed to failure.

The question therefore is how to resolve the inevitable conflict between rational management that emphasizes efficiency, productivity, and speed and political public management that emphasizes consensus, compromise, and openness. Does this conflict mean that government can't be reformed? Of course not—it just makes changing government more complicated.

REINVENTING GOVERNMENT HUMAN RESOURCE MANAGEMENT (HRM) SYSTEMS

At every level of government, personnel/HRM systems are being criticized as inflexible, unresponsive, slow, rule-bound, and user-*un*friendly. Civil service systems are criticized for not meeting the needs of their customers—both the customers within the organization that personnel exists to support and the citizens government exists to serve. Too often, HRM processes are viewed as hindering, rather than helping, public sector organizations attract, motivate and retain the talented people government must have to provide responsive service to its citizens (National Commission on the State and Local Public Service, 1993).

While almost everyone seems to agree that personnel/HRM systems must become more responsive and flexible, turning this rhetoric into reality is a tough challenge in the complex environment of government.

For example, one "common-sense" approach to personnel reform is to make it easier to fire, demote or transfer employees. The current process can indeed be lengthy and frustrating—why can't an incompetent bureaucrat simply be fired?

One answer is because firing "at will" conflicts with one of the fundamental reasons civil service/merit systems were created—to prevent patronage and other abuses. While firing processes can indeed be inefficient, they also prevent employees from being removed for the wrong reasons. The U.S. Supreme Court has even ruled that public sector employees have property rights to their jobs and cannot be fired without due process. This philosophy is profoundly different from the private sector's "employment at will" approach, which is itself being eroded.

It is also important to understand that public sector employees are fired for cause, proving that the system *can* work. Further, removing poor performers in the private sector isn't always easy either, especially in large companies with labor unions. Bureaucracy is certainly not unique to government.

HR reformers must also recognize that much of the so-called "red-tape" created by the Congress, state legislatures, city councils, etc., was not created arbitrarily. These laws and rules were designed to base personnel decisions on merit, protect employee rights, provide the public with access, and limit political influence. Although the corruption and abuse that created the need for civil service systems may no longer be as widespread as it was when these systems were devised, this doesn't mean these systems should be scrapped. Consider what the Chairman of the House Post Office and Civil Service Committee said about civil service reform: "I'm not interested in a reform that makes it easy for an agency manager to hire his neighbor's son or daughter over a more qualified applicant. Simply giving greater discretion to managers is a recipe for bringing back the spoils system" (Hill and Johnson, 1998). In other words, there are two sides to the reform coin—what is reform to one person may appear to be a license for abuse to another.

Appeals for more flexibility in hiring and firing can conflict with other pressures for merit-based hiring, affirmative action, veterans' preference, due process, or whistle-blower protection. For example, the public sector has historically employed a higher percentage of women and minorities than the private sector, in part because of affirmative action requirements that can be inefficient but have nonetheless helped many public sector organizations achieve diversity.

Personnel reformers must also consider the many constituencies government serves—managers; employees; unions; veterans, minority, and women's groups; Congress, state legislatures and local government councils; personnel appeals commissions and boards; the courts; job applicants; the public; and so on.

In addition, government personnel processes are designed to be open and accessible, not just efficient. The spoils systems that civil service replaced often operated efficiently, but no one wants to bring patronage back.

Best Practices in HR Reform

Despite these daunting challenges, there is evidence that public sector personnel systems can indeed become more efficient, effective, and responsive. There is broad consensus across the nation that government personnel systems must be overhauled. For example, the National Commission on the State and Local Public Service (1993) called for an end to "civil service paralysis." Some specific suggestions:

- Decentralize personnel processes to give greater authority to operating units and managers.
- Eliminate outdated and restrictive rules.
- Simplify job classification, compensation, and performance management systems to give managers more flexibility to assign, motivate, and reward employees.
- Make hiring easier and faster.
- Make firing truly poor employees easier.
- Provide more and better employee training.

Some jurisdictions are successfully putting these ideas into practice by creating more flexible personnel systems. Several national projects are identifying these “best practices”. These projects include the benchmarking/best practices initiative of the International Personnel Management Association (IPMA) and the National Association of State Personnel Executives (NASPE), as well as innovation-awards programs separately administered by both organizations (IPMA 1998; NASPE 1997). These benchmarking and awards programs have highlighted innovative practices in federal, state, and local government that show that public sector organizations are reforming their HRM systems. In key areas—including recruiting and hiring, classification and compensation, diversity, training, and labor relations—the public sector is successfully adopting new and more effective approaches.

Recruiting and Hiring Talent

To meet the challenge of recruiting talent in the most competitive labor market in recent history, public sector organizations are creating more responsive, timely, and user-friendly hiring processes that still preserve fundamental merit principles. Traditionally, public sector hiring practices have focused on the testing process, to identify the best-qualified candidates. The assumption has been that enough qualified applicants would take civil service exams to create a pool of qualified candidates for each vacancy.

It is indisputable that written civil service exams used by many jurisdictions are valid and reliable and therefore work well to identify the best-qualified candidates. However, as the labor market has become extraordinarily tight across the nation, public sector organizations are realizing that a valid and reliable testing instrument will not guarantee a good hire, particularly if many qualified applicants refuse to participate in what can be a lengthy and frustrating process. Moreover, after decades of “government bashing,” the public sector is no longer the career of choice for most job seekers. As a result, it has been said that too often the civil service exam process identifies not “the best and the brightest,” but “the best of the desperate.”

Government is rising to the challenge of competing in a labor market that has become a seller's market for talent. Jurisdictions have amended civil service laws, expanded recruiting activities, developed more competitive alternatives to traditional written exams, and applied technology to the hiring process.

Some jurisdictions have successfully amended civil service laws to make hiring processes more flexible. Wisconsin state government, for example, repealed the “rule of five” that limited hiring managers to interviewing only the top few qualified candidates. Wisconsin's former law was so restrictive that if two candidates were ranked fifth and sixth with identical scores, to the one one-hundredth of a point, both candidates could not be interviewed—the central personnel department was forced to break the tie somehow. As in most jurisdictions with rigid laws like this, the rule of five slowed down hiring (because all applicants had to be numerically ranked), limited supervisors' hiring choices, and frustrated and even drove away applicants.

In 1997, however, the Wisconsin Governor signed amendments that repealed the rule of five, replacing it with a more flexible provision that eliminated all arbitrary restrictions on the number of qualified candidates who can be interviewed. Now, the central personnel department works with individual operating agencies to determine how many qualified candidates to refer to hiring managers. The result is a more timely and flexible process that

gives larger numbers of candidates realistic job opportunities. Lists of qualified candidates are routinely produced as soon as the application period ends. In some cases, hiring agencies can now make immediate job offers to well-qualified candidates, a practice that was impossible under the old law (IPMA News, 1999).

Local governments have also moved away from rigid limits on the number of qualified candidates who can be referred to hiring managers. For example, the Shreveport, Louisiana, Personnel Department provides hiring managers with all candidates with the top three civil service scores. While this may seem restrictive, managers almost always receive many more than three names because all candidates with the highest three scores (including ties) are forwarded.

Other jurisdictions such as Maricopa County, Arizona, and the South Florida Water District have even more flexible practices. In these jurisdictions, there are no restrictions on the number of qualified candidates hiring managers can interview. If a hiring manager chooses to, he or she can interview all candidates who qualify.

Of course, no hiring system can be effective unless qualified applicants apply. For that reason, many government agencies are aggressively expanding recruiting, which in the past was often viewed as primarily a private sector activity. Some in government even believed that recruiting violated merit principles because recruited applicants received more assistance and encouragement than other applicants. The realities of today's labor market are changing these attitudes. Government organizations are now hiring full-time recruiters, expanding marketing efforts and even going head-to-head with private sector employers. The Metropolitan Council in the Twin Cities of Minneapolis and St. Paul is a good example. The Council, which has over 3,800 employees, now has a full-time recruiter who focuses heavily on recruiting candidates for hard-to-fill positions in information technology and other technical fields. Rather than apologizing for recruiting for a government agency, the Council's recruiter emphasizes the advantages of public service. Marketing itself as a stable, family-friendly, long-term employer enabled the Metropolitan Council to fill all vacancies in information systems (IS) positions, even at the height of the Y2K "crisis" (IPMA News, 2000).

The South Florida Water District routinely recruits on college campuses, going head-to-head with private sector firms. In order to compete more effectively, the District involves hiring managers in on-campus recruiting and gives them the ability to make immediate job offers to exceptionally well-qualified candidates. This approach has made the District much more competitive for college graduates in professional and technical positions. Maricopa County also recruits aggressively and has developed a system to automatically fax job ads each week to local community and other organizations that have been sources of recruits in the past.

Of course, even the best recruiting will not work unless the hiring process itself is effective, efficient, and user-friendly. That is one reason why public sector organizations are relying less and less on traditional civil service written exams, and more and more on alternative assessment approaches. For example, the 2000 IPMA/NASPE benchmarking survey of over 180 public sector jurisdictions showed that less than one-half rely on written job knowledge exams as one of their three most often-used assessment approaches (IPMA News 2000).

Alternative assessment approaches include training and experience evaluations known as achievement history questionnaires, in which candidates submit narrative information relating their backgrounds to required skills and experiences. Another approach is the skills inventory, where candidates report their training, education and/or experience in key skill areas, often using a checklist format. Maricopa County, for example, makes extensive use of skills checklists, where applicants check the descriptions that best reflect their skill/experience levels. Candidates are then added to databases and referred to hiring managers based on each job's particular needs. Wisconsin uses the same approach for occupations with easily identifiable skill requirements such as IS jobs.

Government organizations are also relying more heavily on requiring candidates to submit résumés as their application materials, again in part to compete with the private sector. San Jose, California, for instance, frequently requires candidates to submit résumés and cover letters. Candidates are then evaluated and grouped into "bands" (e.g., "best qualified," "qualified") based on analyses of their cover letter and résumé information.

Of course, many public sector organizations still rely on written exams. However, some of these organizations are creating more timely and efficient systems to administer and score them. For example, Baton Rouge, Louisiana offers continual "walk-in" testing for jobs that require multiple-choice exams. This approach has eliminated delays resulting from requiring candidates to mail applications and then schedule testing sessions. Now, candidates can test at any time and lists of qualified candidates (registers) are created or updated each week.

Maricopa County has also adopted walk-in testing and has taken this approach a step further by immediately scanning and scoring all written exams. Test takers receive immediate results and are continually added to employment registers. In conjunction with more efficient and user-friendly methods like these, public sector organizations are using shorter application periods to speed the hiring process. In the past, in an effort to ensure that the public was given the widest possible access to government job opportunities, jurisdictions often used application periods of up to two months. While this does provide wide access for potential applicants, this practice can also slow down the hiring process. Well-qualified candidates with job options may accept other jobs by the time the application period ends. In response, government agencies have begun to use shorter application periods, often complemented by aggressive recruiting.

For example, Maricopa County often uses a five-day application period and then provides hiring managers with lists of qualified candidates within five days. Of course, the Maricopa Personnel Department recruits aggressively during the one-week application period. Shreveport, Louisiana also has a five-day recruiting period that enables the city Personnel Department to provide hiring managers with lists of qualified candidates within five days. Shreveport announces vacancies each Monday on its web site and automatically faxes or emails vacancy announcements to over 120 recruiting sources including colleges, community-based organizations, and even churches (NASPE, 1997).

On the other end of the spectrum are organizations that recruit for hard-to-fill and high-volume vacancies by allowing candidates to apply at any time, without any deadlines. This continuous application approach allows these jurisdictions to recruit and accept applications without the restrictions of deadlines. For example, Wisconsin accepts applications continuously for hard-to-fill jobs in fields such as information technology, health care, and accounting/auditing. Candidates are entered into applicant databases and referred to hiring

managers when there are vacancies. Similarly, Fairfax County, Virginia, uses open continuous recruiting for many positions. Candidates apply, are entered into a database, and are then eligible for hiring consideration for six months (Hill and Johnson, 1998).

Another hiring innovation that combines several new approaches is on-site interviewing and immediate job offers. To meet tough labor market competition, some public sector agencies are conducting immediate interviews at job fairs and on college campuses. Candidates are quickly screened to determine if they are qualified and then the qualified applicants are interviewed by line managers. These managers have the authority to make immediate job offers. Usually, these job offers are contingent on reference or other background checks.

The South Florida Water Management District, for example, arranges for teams of personnel staff and line managers to travel together to job fairs and college campuses. The personnel staff accept résumés, review them immediately, and decide which candidates are qualified. The qualified applicants are then interviewed by the hiring managers, who have the authority to negotiate salaries and make contingent job offers. These offers are contingent on successful completion of the remainder of the hiring process, including employment verifications, reference checks, drug screening, etc. This approach has made the District a much more competitive employer for technical staff such as IS professionals, attorneys, environmental scientists, geographers, chemists, and construction inspectors. About 80 percent of the District's 1,700 employees work in technical fields like these.

Wisconsin has adopted a similar approach for hard-to-fill positions in fields such as IS and accounting. Like the South Florida Water Management District, Wisconsin personnel staff and line managers attend job fairs together. The personnel staff administer a short self-assessment questionnaire to interested candidates to determine their eligibility. The questionnaire is developed beforehand in cooperation with the hiring managers. Eligible candidates are then interviewed by hiring managers, who can make immediate, contingent job offers. More often, the best-qualified candidates are immediately scheduled for a more detailed follow-up interview in the offices of the hiring agency. Oregon uses a similar approach for IS candidates at job fairs. Oregon personnel staff immediately schedule candidates for interviews, which are conducted within one week of the job fair (Lavigna, 2001).

In addition to these new assessment approaches, public sector organizations are using technology to help recruit qualified applicants in a more timely and efficient way. The South Florida Water Management District, for example, allows candidates to submit applications through the Internet. Candidates who do not have Internet access can submit paper applications, which the District then immediately scans into its on-line database. Hiring agencies directly access this data base, enter their requirements, and receive lists of candidates who meet their specifications.

Wisconsin has adopted a similar approach for IS jobs. Candidates complete an on-line skills inventory and are immediately added to the applicant database. Hiring managers then access the database on-line, specify their skill requirements, and receive lists of qualified candidates. In the future, Wisconsin plans to expand this system to other job classifications.

Fairfax County has automated its hiring process by creating a computerized résumé bank. Candidates submit their résumés, which are then scanned into a computerized database that County personnel staff use to provide hiring agencies with candidate lists. In addition, Fairfax allows candidates to apply by telephone or through the county's web site. If an

applicant has already submitted a résumé, he or she can apply for any other county job by simply calling the county's interactive voice response system or accessing the web site and identifying the other position(s) they wish to apply for.

Creating Flexible Classification and Compensation Systems

Many public sector organizations are also reforming their practices in another key HR area—classification and compensation. Compensation, in particular, is one area where government has lagged behind other employers, in part because many public sector organizations must negotiate compensation changes with labor unions. Recently, however, governments have begun to dramatically change classification and compensation systems, in some cases in cooperation with unions.

In classification, perhaps the most significant reform has been aggressive efforts to reduce the number of classifications to decrease system complexity and increase flexibility. South Carolina's Office of Human Resources, for example, conducted a comprehensive review of its classification system, which consisted of over 2,500 different job classifications and 50 separate salary ranges. The review showed that employees were confused by this complex system and did not understand the frequently minor distinctions between job classifications. In addition, the small (four percent) difference between salary ranges was too small to recognize legitimate differences between the values of different jobs.

The Office of Human Resources responded by reducing the number of job classifications from 2,500 to 500, and the number of pay ranges from 50 to 10 wider pay bands. As a result, job classification is now much simpler and the broader pay ranges provide operating agencies with much greater flexibility to manage employee compensation (NASPE, 1999).

Other jurisdictions are also reducing the number of job classifications. New York State, the oldest and one of the largest state civil service systems (with over 170,000 employees), eliminated over 2,000 job classifications. This change enabled the state to update its job specifications and reduce a backlog of over 600 civil service exams. At the other end of the size spectrum is the town of Blacksburg, Virginia that has only a few hundred employees. Blacksburg transitioned from a complex system that had 80 job classifications and 15 pay grades to a system with 50 classifications and just 4 broader pay bands. The new system gives Blacksburg's managers far greater flexibility to adjust employee compensation to meet market conditions, thus improving the town's ability to recruit and retain employees.

Other jurisdictions have also changed their compensation approaches to improve their ability to recruit, retain and reward employees. New approaches include awarding hiring bonuses for hard-to-fill positions (state of Minnesota), giving bonuses to employees who refer candidates who are hired (Minnesota and the Metropolitan Council of the Twin Cities), and awarding bonuses and pay raises to employees who acquire new skills or take on special projects (Kansas and South Carolina).

This trend toward more flexible compensation systems has moved to the federal government, which has traditionally used a rigid grade and step compensation system, in which pay raises were determined almost exclusively by tenure and seniority. The Federal Aviation Administration (FAA), for example, has re-designed its compensation system, in cooperation with its unions. Now, instead of granting pay increases to employees solely on tenure, FAA bases pay and pay raises on skill, knowledge, ability and performance. The

new compensation system also provides the flexibility to establish separate compensation systems to meet business needs (e.g., creating a separate system for executives).

Kansas has gone beyond many other public sector organizations by implementing an “employee contracting program” for IS staff. Employees with critical IS skills can sign a three-year contract in which they forfeit civil service status. In exchange, the employees receive salary increases of up to 15 percent and additional training. This program has helped keep turnover in IS positions below the overall turnover rate in Kansas state government.

As mentioned above, a compensation approach gaining popularity is “broadbanding” of pay ranges. Broadbanding means reducing the number of pay ranges and expanding the width of these ranges (now called “bands”). Along with this structural change, broadbanding typically gives hiring managers more flexibility to set starting salaries and award pay raises and bonuses. For example, Wisconsin’s broadband system (which covers over 6,000 professional employees) allows hiring managers to negotiate starting salary anywhere within the pay range. Before broadbanding, the starting salary was limited to the minimum of the pay range. In addition, managers can award yearly pay increases or bonuses of up to 10 percent of annual salary for a variety of reasons, including matching a competitor’s salary offer. The broadband system, which was first applied to IS staff and has now been expanded to other professionals, has helped reduce both vacancies and turnover. The Wisconsin broadband system was also initially implemented through negotiation with a labor union. This is significant because unions have traditionally resisted systems that provide managers with this kind of pay flexibility (Lavigna, 2001).

Achieving Work Force Diversity

Historically, the public sector has been a leader in creating and maintaining work force diversity. The IPMA and NASPE best practice leaders demonstrate some of the approaches government agencies have taken to achieve diversity.

In Washington, for example, diversity activities are directed by the governor’s office through the governor’s Affirmative Action Committee which was established by Executive Order. The committee provides statewide policy guidance, approves agency affirmative action plans, monitors progress by individual agencies, and shares successes with all agencies. To support the committee, the Washington Department of Personnel has aggressively expanded diversity recruiting, in part by developing a comprehensive directory of recruiting sources and distributing the directory to all state agencies.

Washington also continually evaluates barriers to diversity, by reviewing exit interviews completed by protected class members to identify any patterns that may reveal barriers to diversity. Minimum job qualifications are also continually analyzed to ensure they are not creating barriers for protected groups. Finally, managers’ individual performance standards include measures of their efforts to diversify their staffs.

Oklahoma also has a strong commitment to diversity that is also driven by support from the governor’s office as well as state law. Oklahoma has a statutory Affirmative Action Review Council that advises the state’s personnel director on diversity standards and approaches. The council includes two members appointed by the governor, two appointed by the speaker of the House of Representatives, and two appointed by the president of the Senate. Also by state law, any agency that does not make progress toward achieving

diversity must take corrective action including participating in special recruiting programs, developing diversity training, or even submitting all hiring and promotion recommendations to the central personnel department for approval. The law even empowers the state personnel director to take over the personnel functions of agencies that fail to show progress toward achieving a diverse work force.

In many jurisdictions, a key to achieving diversity is conducting “utilization analyses” to identify the occupational groups where minorities and females are underrepresented. Utilization analyses compare on-board representation of these groups to labor market availability, often by specific job classification. Wisconsin and the city of St. Petersburg, Florida, for example, base their diversity recruiting strategies on these utilization analyses. The Wisconsin Department of Employment Relations has a full-time affirmative action recruiter who works closely with colleges and community-based organizations to attract minority applicants, particularly for job classifications where women and/or minorities are underrepresented (i.e., where on-board representation is less than the overall labor market availability for these groups).

St. Petersburg has an even more aggressive diversity strategy. When the city’s utilization analysis reveals underrepresentation, the city’s affirmative action plan requires a “1 for 1” hiring policy—at least one member of a protected class must be hired or promoted each time a non-protected class member is hired or promoted. The city complements this aggressive diversity policy by requiring all top managers to attend diversity training and by providing diversity instruction as part of orientation for new employees.

These approaches are succeeding in diversifying the work forces of these jurisdictions. The state government work forces in Oklahoma and Wisconsin, for example, now have higher percentages of women and minorities than the percentages of these groups in both states’ overall labor forces. Washington has also achieved parity for minorities in state government, based in large part on a 35 percent increase in minority state employees from 1987 to 1998. In St. Petersburg, minority and female representation has increased in nearly every job category including protective services, professionals, and senior managers.

Improving Skills Through Training

Too often in the public sector, employee training does not receive enough resources or attention, and is one of the first activities to be cut back during all-too-frequent budget crises. While this is also true in the private sector, it is a particular problem in government where public and legislative pressure to reduce spending often leads to budget reductions. Of course, cutting training budgets is shortsighted because the primary resources of government are the skills and abilities of public employees.

To enhance these skills and abilities, some public organizations are expanding training efforts. Oklahoma, for example, has identified the basic competencies required for each managerial level in state government and has based its training curriculum on these competencies. Oklahoma defines competencies as “human qualities or characteristics associated with effective performance of a task.” In 1998, for example, the state estimated that its competencies-based training approach returned over \$1 million in savings and cost reductions.

Other public jurisdictions are also developing new approaches to evaluate training effectiveness and results, a key step in obtaining resources to maintain and expand

training. The New Jersey Personnel Department, for example, has established a Human Resource Development Institute to provide training to state agencies and local governments. In addition to providing direct training, the Institute offers distance learning through teleconferencing, and self-paced learning through CD ROM and the Internet. The Institute evaluates training effectiveness several ways. Participants' immediate reactions to training are evaluated through surveys that are entered into a central database, which is used to evaluate statewide training effectiveness. In addition, the Institute uses pre- and post-tests to evaluate what participants learn.

Phoenix has a more aggressive training evaluation strategy that attempts to link employee training to citizen satisfaction with city government services. Phoenix evaluates the effectiveness of the city's more than 150 courses four ways:

- Participant evaluations at the end of each class
- Employee focus sessions that assess how training is being used on the job and how training can be improved
- Statistically reliable surveys that, among other things, ask employees to evaluate whether they have received the training they need for their jobs
- Statistically reliable surveys of citizens' opinions of city government, including satisfaction with city government services

Although the citizen surveys are not a direct measure of training effectiveness, city leaders believe that citizen satisfaction with city government is a reflection, in part, of how well city employees are trained.

Enhancing Labor-Management Cooperation

Labor-management relations is a critical human resource function in almost every organization. In government, cooperation between organized labor and management is critical because, unlike the private sector, union membership continues to increase. Specifically, by 2000, union membership in the public sector had grown to over 38 percent of all employees, while union membership in the private sector had declined to only 9 percent. Therefore, in order to be effective, government must establish and maintain cooperative relationships with unions. In some public sector jurisdictions, labor and management have recognized this imperative and are working to improve cooperation. Even in jurisdictions that do not have unions, management has recognized the need to establish cooperative partnerships with employees.

One approach to improve labor-management cooperation is to reform the employee grievance process in order to make it less adversarial and more timely. For example, Ohio, in cooperation with the Ohio Civil Service Employees Association, has successfully implemented a "nontraditional arbitration" program to handle employee grievances. In this process, both parties submit information to an independent arbitrator who quickly reaches a binding decision. Arbitrators can hear up to forty cases in a single day. This process is faster, more informal and less adversarial than the traditional multi-step grievance process. The union and employees support the expedited process because it is fast and efficient and produces timely decisions supported by clear rationales. The Ohio Human Resources Division estimates that the expedited grievance process saves the state more than 4,000 work hours each year.

In South Carolina, state government has also implemented alternative dispute resolution techniques to reform the employee grievance process. The Office of Human Resources now uses mediators at the beginning of the grievance process instead of holding a formal arbitration conference or grievance hearing. This change has replaced the costly and lengthy grievance process with a non-confrontational forum for problem-solving. In the first year of the new process, over 72 percent of mediations produced a signed agreement that avoided a formal grievance hearing (Lavigna, 2001).

In Wisconsin, a key element of the strategy to reform the state's HRM system is the cooperative relationship state government has forged with labor unions, particularly the 27,000 member Wisconsin State Employees Union (WSEU). In 1991, Wisconsin became the first state to use a cooperative approach—"consensus bargaining"—to reach agreement with a large union. The consensus approach, which emphasizes cooperation and problem solving instead of confrontation, is based on the principle that labor and management have complementary, and not competing, interests.

A fundamental distinction in consensus bargaining is the difference between "positions" and "interests." A position—each side's solution to a problem—has traditionally been the starting point for bargaining. An interest, on the other hand, is a basic need or concern. Because consensus bargaining focuses on interests and not positions, bargainers attempt to identify the best approaches to meet both parties' needs without dealing with predetermined, hard-and-fast positions.

Since the first time Wisconsin used consensus bargaining in 1991, the state and the WSEU have reached agreement on six biennial contracts using this approach. State and union representatives agree that the problem-solving approach has created more cooperative labor-management relations. For example, 83 percent of union members ratified the first consensus agreement in 1991. Union members have ratified subsequent agreements with similar majorities. Before consensus bargaining, union rank-and-file often approved agreements by slim majorities even after lengthy negotiations.

Consensus bargaining has also saved time. In 1991, the state and the union reached agreement in a then-record four and one-half months. More recently, negotiations were completed even faster—in only two months.

The consensus process has been particularly effective in shaping contract language on issues other than compensation. For example, one contract change enables employees with attendance problems to use leave instead of being suspended without pay. The employee continues to work but gives up an equal amount of leave time, thus avoiding a loss of pay. Other creative provisions that have been negotiated through consensus include:

- A provision allowing workers who transfer to new jobs in state government to return to their former jobs within a few days if the new position is not working out
- A "catastrophic leave" program that allows employees to donate unused vacation or personal leave to co-workers who have health problems that could lead to loss of income
- Joint labor-management committees to review issues such as union access to new technology

In addition, hundreds of grievances have been resolved at the bargaining table. During negotiations for one contract, for example, over 400 grievances were resolved during bargaining (Lavigna, 2001).

A recent labor-management project called “working together” identified and replicated “best practices” in labor-management cooperation across Wisconsin’s state government. These best practices included allowing labor representatives to participate in hiring decisions, designing more positive ways to discipline employees, involving employees in developing fairer work schedules for around-the-clock operations, reducing excessive absenteeism and sick leave use, creating self-directed work teams, and improving labor-management communication.

HOW CAN LASTING HUMAN RESOURCE REFORM BE ACHIEVED?

There is great momentum across the nation for innovation and change in government personnel and human resource systems. As described in this chapter, some public sector organizations are making progress creating more timely, responsive and flexible systems. In hiring, these organizations are amending civil service laws to make them more flexible, expanding recruiting, developing more user-friendly alternatives to written civil service exams, and using technology to improve system access and efficiency. In classification and compensation, public sector agencies are reducing classification system complexity and adopting more flexible, performance-based pay systems. Government organizations are diversifying their work forces by expanding recruiting, systematically evaluating barriers to diversity, and making managers accountable for diversity. In training, some government organizations are expanding training programs, linking training to key employee competencies, and adopting new approaches to evaluate training effectiveness and results. Finally, public sector jurisdictions are working with labor unions to reduce conflict and increase cooperation.

Despite these notable advances, and many others not discussed here, large-scale personnel reform is too often still a goal rather than a reality. To move from rhetoric to reality, personnel departments must embrace change, without reacting defensively, without hiding behind rules and procedures (“we’ve always done it that way”), or trying to protect their turf.

Lasting HR reform will not be achieved solely in the name of efficiency, because government is not exclusively in the efficiency business. Some reformers believe that efficiency can be achieved by eliminating civil service systems. To the contrary, it is not necessary to “repeal” merit systems to improve public sector HRM performance. Instead, in the best case, public sector human resource practices that have outlived their usefulness must be improved. These practices—including arbitrary limits on the number of qualified candidates who can be interviewed, written exams for all jobs, pay solely for longevity, and endless grievance procedures—can be reformed without eliminating merit systems entirely.

As more and more government jurisdictions are demonstrating, it *is* possible to create lasting HRM reform that improves service and responsiveness but still retains the fundamental principles and best features of civil service, such as merit hiring and removal for just cause. The challenge for personnel reform is to change *responsively*, but also *responsibly*. To do this, government must involve its many customers and stakeholders in the change process, always striving to reconcile the often conflicting demands of these

stakeholders. If these demands are ignored, reinvention efforts will fail. Reforming government is far too important to let that happen.

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